

## Message Text

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ACTION COME-00

INFO OCT-01 AF-10 ADP-00 EB-11 CIAE-00 INR-10 NSAE-00

RSC-01 AID-20 FRB-02 XMB-07 TRSE-00 OMB-01 DOTE-00

OPIC-12 DODE-00 RSR-01 /076 W

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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 0137

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E.O. 11652 NA

TAGS: ETRN, NI

SUBJECT: AIRPORT CONSTRUCTION

REF: LAGOS A-259 OF SEPTEMBER 16, 1972

1. BEGIN SUMMARY: EMBASSY HAS LEARNED CONFIDENTIALLY THAT ONLY ONE AMERICAN OFFER MEETS MINIMAL STANDARDS FOR PRE-QUALIFICATION TO PARTICIPATE IN NEGOTIATED BIDS FOR 125 MILLION DOLLAR AIRPORT CONSTRUCTION PROJECTS IN NIGERIA, END SUMMARY.

2. DURING CONVERSATION ON ANOTHER SUBJECT EMBASSY OFFICER ASKED TRANSPORT DEPPERSEC F.M.C. OBI HOW AMERICAN CONTRACTORS STAND IN COMPETITION FOR PRE-QUALIFICATION FOR 125 MILLION DOLLAR AIRPORT RECONSTRUCTION PROJECTS. OBI STRESSED THAT SORTING OUT OF APPLICATIONS IS NOT YET COMPLETE AND THE LIST OF THOSE SELECTED WOULD PROBABLY NOT BE MADE PUBLIC UNTIL THE TURN OF THE YEAR. DUTCH CONSULTING FIRM NACO HAS BEEN HELP UP IN ITS PREPARATION OF FINAL DESIGN AN ENGINEERING SPECS WHICH MAY RESULT IN A DELAY OF AT LEAST SIX MONTHS IN THE ENTIRE PROCESS.

3. OBI ADDED, HOWEVER, THAT MOT'S SORTING OUT OF BID-

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DERS HAD PROGRESSED TO POINT WHERE HE IS CONFIDENT THAT HE NOW KNOWS WHICH APPLICANTS HAVE MET THE MINIMAL STAN-

DARDS FOR PRE-QUALIFICATION. HE THEN GAVE EMBASSY OFFICER A GLIMPSE OF A LIST OF ABOUT 15 FIRMS WHICH HE SAID MEET THESE MINIMAL STANDARDS. HE ALSO WAVED ABOUT ANOTHER LIST OF ABOUT 25 FIRMS WHICH HE SAID HAD FAILED THIS TEST. ONLY ONE AMERICAN FIRM, MORRISON-KNUDSON, IS ON THE LIST OF THE SUCCESSFUL, WHILE SIX OR SEVEN AMERICAN FIRMS WERE ON THE OTHER LIST. HE INDICATED THAT FIRST LIST WAS RANK-ORDERED, SO M-K'S LISTING IN SECOND PLACE IS SIGNIFICANT. IF THIS ORDERING IS NOT CHANGED, M-K WOULD BE AMONG THE FOUR OR FIVE FIRMS THAT OBI INTENDS TO SELECT FOR NEGOTIATION OF FINAL CONTRACTS.

4. WHILE THIS INFORMATION CANNOT BE DIRECTLY DIVULGED, EMBASSY BELIEVES THAT M-K SHOULD BE ENCOURAGED TO STEP UP ITS EFFORTS TO SECURE THIS BUSINESS. ONE IMPORTANT FACTOR WILL BE THEIR WILLINGNESS AND CAPABILITY FOR TAKING INTO A MINORITY PARTNERSHIP ROLE A LOCAL FIRM WHICH SHOULD BE EXPECTED DO DO THE ON-GOING MAINTENANCE ONCE PROJECT IS COMPLETE. WE KNOW OF ONLY ONE VISIT BY M-K PERSONNEL TO LAGOS ON THIS PROJECT AND BELIEVE THAT M-K REP FAILED TO REACH OBI ON THAT OCCASION. TO PURSUE THIS BID SUCCESSFULLY M-K WILL CERTAINLY NEED TO TAKE A NUMBER OF POSITIVE STEPS DURING NEXT FEW MONTHS, INCLUDING TALKS WITH CONCERNED MINISTRIES AND ALSO WITH LOCAL FIRMS WITH WHOM THEY MIGHT CONSIDER COOPERATION.

5. DURING CONVERSATION, OBI ALSO MENTIONED THAT SOME OF FIRMS WHICH APPARENTLY FAIL TO QUALIFY FOR THE PRIME CONTRACTOR LIST WILL BE QUALIFIED AS SUB-CONTRACTORS FOR SPECIFIC PARTS OF THEPROJECT. HE CITED NORTHROP AS AN EXAMPLE, SAYING THAT THIS FIRM WOULD BE QUALIFIED TO DO AIRPORT LIGHTING, FOR EXAMPLE.

6. COMMENT: EMBASSY OFFICER HAD IMPRESSION THAT OBI REVEALED THESE LISTS SO THAT U.S. FIRMS COULD ENCOURAGE TO CONTINUE THEIR EFFORTS. OBI IS WELL AWARE OF FMG'S PROBLEMS WITH LEAKS AND HE PROBABLY FEARS THAT IT WILL BE DISCOURAGING WHEN IT BECOMES KNOWN THAT ONLY LIMITED OFFICIAL USE  
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ONE FIRM FROM COUNTRY WHICH HAS WORLD'S LARGEST AND BEST AIRPORTS IN BEING QUALIFIED. HE IS PROBABLY HOPEFUL THAT EMBASSY WILL ATTEMPT TO CONVINCE M-K TO MADE ITS PRESENCE FELT AS THIS COMPETITION MOVES INTO FINAL STAGES.  
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